SINO-LIFE GROUP LIMITED
中國生命集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8296)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the "Directors") of Sino-Life Group Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINAL RESULTS

The board of directors (the "Board") of the Company hereby presents the following audited consolidated results of the Group for the year ended 31 December 2014 together with the comparative audited figures for year 2013. These results have been reviewed by the audit committee of the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Turnover	3(a)	**69,648**	63,106
Cost of sales		**(15,852)**	(15,975)
Gross profit		**53,796**	47,131
Valuation gain on investment property		**765**	–
Other revenue	4	**3,755**	1,628
Other net loss	4	**(1,217)**	(1,856)
Selling expenses		**(24,009)**	(24,402)
Administrative expenses		**(36,970)**	(37,074)
Other operating expenses		**(6,693)**	(1,047)
Loss from operations		**(10,573)**	(15,620)
Finance costs	5(a)	**(414)**	(346)
Loss before taxation	5	**(10,987)**	(15,966)
Income tax	6	**(609)**	(848)
Loss for the year		**(11,596)**	(16,814)
Other comprehensive income/(loss) for the year			
Item that will not be reclassified to profit or loss:			
Surplus on revaluation of land and buildings held for own use		**1,385**	416
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside the People's Republic of China ("non-PRC operations")		**(1,611)**	(6,623)
Reclassification adjustments relating to non-PRC operations disposed of during the year		**(42)**	–
		(1,653)	(6,623)
Other comprehensive loss for the year, net of income tax		**(268)**	(6,207)
Total comprehensive loss for the year, net of income tax		**(11,864)**	(23,021)
Loss attributable to:			
Owners of the Company		**(11,142)**	(16,175)
Non-controlling interests		**(454)**	(639)
		(11,596)	(16,814)
Total comprehensive loss attributable to:			
Owners of the Company		**(11,504)**	(22,256)
Non-controlling interests		**(360)**	(765)
		(11,864)	(23,021)
Loss per share	7		
Basic and diluted		**RMB(1.50) cents**	RMB(2.18) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**38,265**	57,978
Investment property		**4,375**	–
Prepaid lease payments		**3,671**	3,753
Intangible assets		**2**	2
Deposits for hire of funeral parlours and funeral services centres	*9*	**2,700**	3,700
		49,013	65,433
CURRENT ASSETS			
Financial assets designated as at fair value through profit or loss		**45,917**	40,558
Development and formation costs		**14,860**	6,525
Inventories		**803**	637
Tax recoverable		**8**	40
Trade and other receivables	*9*	**63,326**	66,293
Prepaid lease payments		**82**	82
Cash and cash equivalents		**109,086**	122,820
		234,082	236,955
CURRENT LIABILITIES			
Trade and other payables	*10*	**8,196**	9,143
Receipts in advance	*11*	**90,590**	95,820
Current portion of bank borrowings		**594**	602
Current portion of other loan		**–**	106
Current taxation		**1,459**	1,788
		(100,839)	(107,459)
NET CURRENT ASSETS		**133,243**	129,496
TOTAL ASSETS LESS CURRENT LIABILITIES		**182,256**	194,929
NON-CURRENT LIABILITIES			
Receipts in advance	*11*	**39**	–
Bank borrowings		**7,460**	8,309
		(7,499)	(8,309)
NET ASSETS		**174,757**	186,620
EQUITY			
Equity attributable to owners of the Company			
Share capital		**69,218**	69,218
Reserves		**103,615**	115,118
		172,833	184,336
Non-controlling interests		**1,924**	2,284
TOTAL EQUITY		**174,757**	186,620

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company											
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Merger reserve** *RMB'000*	**Statutory reserve** *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Properties revaluation reserve** *RMB'000*	**Foreign currency translation reserve** *RMB'000*	**Share-based compensation reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2013	69,218	220,633	(16,261)	225	1,550	1,067	(12,038)	7,720	(65,979)	206,135	4,159	210,294
Loss for the year	–	–	–	–	–	–	–	–	(16,175)	(16,175)	(639)	(16,814)
Surplus on revaluation of land and buildings held for own use	–	–	–	–	–	416	–	–	–	416	–	416
Exchange differences on translation of financial statements of non-PRC operations	–	–	–	–	–	–	(6,497)	–	–	(6,497)	(126)	(6,623)
Other comprehensive income/(loss)	–	–	–	–	–	416	(6,497)	–	–	(6,081)	(126)	(6,207)
Total comprehensive loss for the year	–	–	–	–	–	416	(6,497)	–	(16,175)	(22,256)	(765)	(23,021)
Equity-settled share-based transactions	–	–	–	–	–	–	–	402	–	402	–	402
Lapse of share options granted	–	–	–	–	–	–	–	(118)	118	–	–	–
Capital contributions received by a non-wholly owned subsidiary from non-controlling interests	–	–	–	–	–	–	–	–	–	–	300	300
Decrease in non-controlling interests arising on disposal of interests in a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	(263)	(263)
Disposal of revalued property	–	–	–	–	–	(295)	–	–	295	–	–	–
Acquisition of additional interests in a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	55	55	(1,147)	(1,092)
At 31 December 2013	69,218	220,633	(16,261)	225	1,550	1,188	(18,535)	8,004	(81,686)	184,336	2,284	186,620
At 1 January 2014	**69,218**	**220,633**	**(16,261)**	**225**	**1,550**	**1,188**	**(18,535)**	**8,004**	**(81,686)**	**184,336**	**2,284**	**186,620**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,142)**	**(11,142)**	**(454)**	**(11,596)**
Surplus on revaluation of land and buildings held for own use	**–**	**–**	**–**	**–**	**–**	**1,385**	**–**	**–**	**–**	**1,385**	**–**	**1,385**
Exchange differences on translation of financial statements of non-PRC operations	**–**	**–**	**–**	**–**	**–**	**–**	**(1,705)**	**–**	**–**	**(1,705)**	**94**	**(1,611)**
Reclassification adjustments relating to non-PRC operations disposed of during the year	**–**	**–**	**–**	**–**	**–**	**–**	**(42)**	**–**	**–**	**(42)**	**–**	**(42)**
Other comprehensive income/(loss)	**–**	**–**	**–**	**–**	**–**	**1,385**	**(1,747)**	**–**	**–**	**(362)**	**94**	**(268)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**1,385**	**(1,747)**	**–**	**(11,142)**	**(11,504)**	**(360)**	**(11,864)**
Equity-settled share-based transactions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**1**
Lapse of share options granted	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(193)**	**193**	**–**	**–**	**–**
Transfer to statutory reserve	**–**	**–**	**–**	**561**	**–**	**–**	**–**	**–**	**(561)**	**–**	**–**	**–**
At 31 December 2014	**69,218**	**220,633**	**(16,261)**	**786**	**1,550**	**2,573**	**(20,282)**	**7,812**	**(93,196)**	**172,833**	**1,924**	**174,757**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sino-Life Group Limited (the "Company") was incorporated on 24 February 2005 in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law. Its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 September 2009. Its ultimate controlling party is Mr. Liu Tien-Tsai.

The Company is principally engaged in investment holding. The subsidiaries are mainly engaged in the provision of funeral and related services, sales of burial plots and provision of cemetery maintenance services. The Company and its subsidiaries are herein collectively referred to as the "Group". The address of the Company's registered office and principal place of business are The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands and Workshop 13, 3/F, Sun Ling Plaza, 30 On Kui Street, Fanling, Hong Kong respectively.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States dollars ("US$"). The functional currencies of its subsidiaries are Renminbi ("RMB"), New Taiwan dollars ("NTD"), US$, Hong Kong dollars ("HK$") and Vietnamese dong ("VND") for subsidiaries incorporated/established in the People's Republic of China (the "PRC"), Taiwan, Hong Kong and Vietnam respectively. The consolidated financial statements are presented in RMB, rounded to the nearest thousand, except when otherwise indicated, which is different from the functional currency of the Company as majority of the Group's transactions are denominated in RMB.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) Investment Entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash – generating unit whose recoverable amount is based on fair value less costs of disposal. To the extent that the requirements are applicable to the Group, the Group has provided these disclosures in notes to the financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group does not have any derivatives that are subject to novation.

HK(IFRIC) – Int 21 Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

3. TURNOVER AND SEGMENT INFORMATION

(a) Turnover

Turnover represents the fair value of consideration received and receivable for the services rendered to customers and goods sold to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Funeral services provided in funeral parlours and funeral service centres under the Group's management	**47,816**	42,491
Cremation services	**12,544**	12,093
Funeral arrangement services	**4,289**	4,904
Cemetery services	**3,191**	3,618
Sales of burial plots	**1,808**	–
	69,648	63,106

(b) Segment information

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Company's executive directors (the "Executive Directors"), the chief operating decision maker, for the purposes of resources allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Funeral services – Taiwan

Provision of funeral arrangement services to funeral services deed holders in Taiwan.

(ii) Funeral services – Hong Kong

Provision of funeral arrangement services to both funeral services deed holders and non-funeral services deed holders in Hong Kong.

(iii) Funeral services – the PRC

Provision of funeral, cremation and cemetery services in funeral parlours and funeral service centres in the PRC under the Group's management, pursuant to the respective management agreements entered into with the owners of funeral parlours and funeral service centres.

(iv) Funeral services – Vietnam

Sales of burial plots and provision of cemetery services in Vietnam.

Reporting of operating segment units have been revised to conform to the latest business model of the Group which excludes the trading of raw marble for the year ended 31 December 2014 as the Executive Directors no longer consider it as an operating segment due to the scale down of the business. This classification is reported on the same basis as is used by Executive Directors to analyse its business performance.

The comparative information of the above has been restated to conform to the current year's presentation.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Executive Directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of corporate assets. Segment liabilities include trade and other payables, receipts in advance and current tax liabilities attributable to the activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment results represent the loss incurred by each segment without allocation of valuation gains on investment property, other revenue and other net loss, central administration costs, finance costs and income tax. This is the measure reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

In addition to receiving segment information concerning segment results, the Executive Directors are provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, loss on disposal of property, plant and equipment, impairment loss and reversal of impairment loss on other receivables, (loss)/gain on disposal of subsidiaries, income tax expenses, loss on derecognition of assets and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Executive Directors for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

	Year ended 31 December 2014				
	Funeral services				
	Taiwan	**Hong Kong**	**PRC**	**Vietnam**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment revenue					
– Revenue from external customers	**2,383**	**1,906**	**63,551**	**1,808**	**69,648**
Reportable segment loss	**(2,215)**	**(403)**	**(575)**	**(1,432)**	**(4,625)**
Interest income	**18**	**–**	**316**	**1**	**335**
Interest expenses	**219**	**–**	**–**	**–**	**219**
Depreciation and amortisation for the year	**224**	**45**	**3,794**	**298**	**4,361**
Gain/(loss) on disposal of property, plant and equipment	**41**	**(9)**	**(281)**	**(10)**	**(259)**
Loss on derecognition of assets	**–**	**–**	**6,316**	**–**	**6,316**
Loss on disposal of subsidiaries	**–**	**–**	**796**	**–**	**796**
Income tax expenses	**–**	**–**	**609**	**–**	**609**
Reportable segment assets	**176,408**	**790**	**50,389**	**33,505**	**261,092**
Additions to non-current segment assets during the year	**430**	**31**	**3,119**	**523**	**4,103**
Reportable segment liabilities	**97,100**	**779**	**6,482**	**2,329**	**106,690**

	Year ended 31 December 2013				
	Funeral services				
	Taiwan	Hong Kong	PRC	Vietnam	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue					
– Revenue from external customers	3,391	1,513	58,202	–	63,106
Reportable segment loss	(2,947)	(1,068)	(897)	(1,358)	(6,270)
Interest income	4	–	161	4	169
Interest expenses	234	–	–	–	234
Depreciation and amortisation for the year	220	316	4,437	58	5,031
Loss on disposal of property, plant and equipment	1,338	–	4,088	–	5,426
Impairment loss on other receivables	–	–	486	–	486
Reversal of impairment loss on other receivables	–	–	407	–	407
Gain on disposal of subsidiaries	–	–	604	–	604
Income tax expenses	–	–	848	–	848
Reportable segment assets	176,355	954	53,991	31,965	263,265
Additions to non-current segment assets during the year	20	–	8,827	5,933	14,780
Reportable segment liabilities	103,633	681	6,798	1,478	112,590

There are no inter-segment sales during the year (2013: Nil).

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other items

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Total reportable segment revenue and consolidated turnover	**69,648**	63,106
Profit or loss		
Total reportable segment loss derived from Group's external customers	**(4,625)**	(6,270)
Valuation gains on investment property	**765**	–
Other revenue	**3,755**	1,628
Other net loss	**(1,217)**	(1,856)
Finance costs	**(414)**	(346)
Unallocated head office and corporate expenses		
– Depreciation and amortisation	**(950)**	(988)
– Auditors' remuneration	**(1,032)**	(1,094)
– Legal and professional fee	**(574)**	(1,018)
– Staff cost (including directors' remuneration)	**(4,990)**	(4,476)
– Operating lease charges: minimum lease payments	**(149)**	(377)
– Equity-settled share-based payment expenses	**(1)**	(287)
– Others	**(1,555)**	(882)
Consolidated loss before taxation	**(10,987)**	(15,966)
Assets		
Total reportable segment assets	**261,092**	263,265
Unallocated head office and corporate assets		
– Cash and cash equivalents	**14,952**	31,025
– Deposits and prepayments	**709**	731
– Property, plant and equipment	**2,465**	3,355
– Others	**3,877**	4,012
Consolidated total assets	**283,095**	302,388
Liabilities		
Total reportable segment liabilities	**106,690**	112,590
Unallocated head office and corporate liabilities	**1,648**	3,178
Consolidated total liabilities	**108,338**	115,768

Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other items

	2014	2013
	RMB'000	*RMB'000*
Other items		
Interest income		
Reportable segment total	**335**	169
Unallocated head office and corporate total	**1.120**	1,236
Consolidated total	**1,455**	1,405
Interest expenses		
Reportable segment total	**219**	234
Unallocated head office and corporate total	**195**	112
Consolidated total	**414**	346
Depreciation and amortisation		
Reportable segment total	**4,361**	5,031
Unallocated head office and corporate total	**950**	988
Consolidated total	**5,311**	6,019
Loss on disposal of property, plant and equipment		
Reportable segment total	**259**	5,426
Unallocated head office and corporate total	**16**	–
Consolidated total	**275**	5,426
Additions to non-current segment assets during the year		
Reportable segment total	**4,103**	14,780
Unallocated head office and corporate total	**–**	66
Consolidated total	**4,103**	14,846

Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, investment property, prepaid lease payments, intangible assets and deposits for hire of funeral parlours and funeral services centres. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical locations of property, plant and equipment, investment property, prepaid lease payments and deposits for hire of funeral parlours and funeral services centres are based on the physical location of the assets under consideration. In the case of intangible assets, it is based on the location of the operation to which these intangible assets are allocated.

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC (place of domicile)	**63,551**	58,202	**20,361**	30,763
Taiwan	**2,383**	3,391	**26,965**	25,515
Hong Kong	**1,906**	1,513	**405**	563
Vietnam	**1,808**	–	**1,282**	8,592
	6,097	4,904	**28,652**	34,670
	69,648	63,106	**49,013**	65,433

Revenue from major product and services

	2014	2013
	RMB'000	*RMB'000*
Funeral services provided in funeral parlours and funeral service centres under the Group's management	**47,816**	42,491
Cremation services	**12,544**	12,093
Funeral arrangement services	**4,289**	4,904
Cemetery services	**3,191**	3,618
Sales of burial plots	**1,808**	–
	69,648	63,106

Information about major customers

For the years ended 31 December 2014 and 2013, revenue from any single external customer does not amount to 10% or more of the Group's revenue.

4. OTHER REVENUE AND OTHER NET (LOSS)/GAIN

	2014	2013
	RMB'000	*RMB'000*
Other revenue		
Interest income on bank deposits	**1,455**	1,405
Total interest income on financial assets not at fair value through profit or loss	**1,455**	1,405
Sundry income	**237**	212
Rental income from investment property	**170**	–
Sub-leasing rental income	**12**	11
Consultancy income	**1,881**	–
	3,755	1,628
Other net loss		
(Loss)/gain on disposal of subsidiaries	**(796)**	604
Loss on disposal of property, plant and equipment	**(275)**	(5,426)
(Deficit)/surplus on revaluation of land and buildings held for own use	**(420)**	476
Net exchange gain/(loss)	**3**	(1,460)
Net gain on foreign exchange forward contracts	**–**	1,002
Net gain on terminated and lapsed funeral services deeds	**35**	155
Net realised and unrealised gain on financial assets designated as at fair value through profit or loss	**236**	2,386
Reversal of impairment loss on other receivables	**–**	407
	(1,217)	(1,856)
	2,538	(228)

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the followings:

	2014	2013
	RMB'000	*RMB'000*
(a) Finance costs		
Interests on bank borrowings and other loan		
– wholly repayable within 5 years	**250**	167
– not wholly repayable within 5 years	**164**	179
Total interest expenses on financial liabilities not at fair value through profit or loss	**414**	346

The analysis shows the finance costs of bank borrowings, including bank borrowings which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 December 2014, there is no interest expense (2013: RMB25,000) recognised on bank borrowings, which contain a repayment on demand clause.

	2014	2013
	RMB'000	*RMB'000*
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**18,779**	17,899
Equity-settled share-based payment expenses	**–**	115
Contributions to defined contribution retirement plans	**2,082**	1,894
	20,861	19,908

	2014	2013
	RMB'000	*RMB'000*
(c) Other items		
Amortisation of prepaid lease payments	**82**	82
Auditors' remuneration	**1,032**	1,094
Cost of inventories	**6,996**	9,572
Gross rental income from investment property	**170**	–
Depreciation	**5,229**	5,937
Operating lease for property, plant and equipment charges:		
minimum lease payments		
– rented premises	**830**	902
Less: sub-leasing rental income	**(12)**	(11)
	818	891
– hire of plant and equipment	**186**	180
– hire of funeral parlours and funeral service centres	**12,986**	13,899
Operating lease charges: contingent rents		
– hire of funeral parlours and funeral service centres	**642**	535
Impairment loss on other receivables	**–**	486
Loss on derecognition of assets *(note (i))*	**6,316**	–
Equity-settled share-based payment expenses	**1**	287

Note:

(i) This represents of loss arising from the derecognition of property, plant and equipment, inventories, prepayment and other receivables upon the termination of operation of Chongqing Zhong County Funeral Parlour（重慶市忠縣殯儀館）("ZCFP") for the year ended 31 December 2014.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2014	2013
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax *(note (c))*		
Current period	**1,141**	848
Over-provision in prior years	**(532)**	–
	609	848

Notes:

(a) No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for both years.

(b) The Group is not subject to any taxation under the jurisdiction of the Cayman Islands, Samoa and the British Virgin Islands ("BVI") for both years.

(c) The subsidiaries operating in the PRC are subject to Enterprise Income Tax rate at 25% (2013: 25%) in accordance with the Law of the People's Republic of China on Enterprises Income Tax（中華人民共和國企業所得稅法）except that Chongqing Xizhou Funeral Service Company Limited ("Chongqing Xizhou"), an indirect wholly-owned subsidiary of the Company, is entitled to a preferential tax rate of 15% (2013: 15%) in accordance with 西部大開發企業所得稅優惠, which is retrospectively applied to Chongqing Xizhou from January 2011 and, provided that the conditions precedent to entitlement of preferential tax rate are fulfilled by Chongqing Xizhou in each of subsequent years, the preferential tax rate can be applied to Chongqing Xizhou up to December 2020. For the year ended 31 December 2014, Chongqing Xizhou is subject to Enterprise Income Tax rate at 15% (2013: 15%).

(d) Bau Shan Life Science Technology Co., Ltd. ("Bau Shan"), a direct subsidiary of the Company, and Bao De Life Enterprise Co., Ltd. ("Bao De"), an indirect subsidiary of the Company, are subject to Taiwan Enterprise Income Tax at 17% (2013: 17%) on taxable profits determined in accordance with the Income Tax Act and other relevant laws in Taiwan. No provision for Taiwan Enterprise Income Tax has been made as Bau Shan and Bao De have no assessable profits for both years.

(e) Bao Son Life Company Limited ("Bao Son Life") and Hoan Loc Viet Duc Hoa Corporation ("HLV Duc Hoa"), indirect non-wholly-owned subsidiaries of the Company, are subject to Vietnam Corporate Income Tax at 20% (2013: 25%) and 20% (2013: 20%), respectively, on taxable profits determined in accordance with the relevant laws and regulations in Vietnam. No provision for Vietnam Corporate Income Tax has been made as Bao Son Life and HLV Duc Hoa have no assessable profits for both years.

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB11,142,000 (2013: RMB16,175,000) and the weighted average of 742,500,000 ordinary shares (2013: 742,500,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2014 and 2013 as the impact of the share options had anti-dilutive effect on the basic loss per share amounts presented. Therefore, the calculation of the diluted loss per share is based on the loss attributable to owners of the Company of RMB11,142,000 (2013: RMB16,175,000) and the weighted average of 742,500,000 ordinary shares (2013: 742,500,000 ordinary shares) in issue during the year.

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2014 (2013: RMBNil).

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**244**	20
Other receivables	**6,418**	6,552
Less: allowance for impairment loss	**(1,009)**	(1,009)
	5,409	5,543
Loans and receivables	**5,653**	5,563
Deposits and prepayments	**60,373**	64,430
	66,026	69,993
Representing:		
Current	**63,326**	66,293
Non-current	**2,700**	3,700
	66,026	69,993

Note:

(a) No allowance for doubtful debts was recorded for both years. Trade receivables with the following analysis by age presented based on the date of sales of goods or service rendered as at the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
0 to 180 days	**187**	20
180 to 365 days	**57**	–
	244	20

10. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**1,714**	1,717
Accruals and other payables	**6,482**	7,426
Financial liabilities measured at amortised cost	**8,196**	9,143

Note:

(a) The following is an ageing analysis of trade payables, based on the date of receipt of goods or services received, at the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
0 to 30 days	**818**	679
31 days to 90 days	**445**	375
Over 90 days	**451**	663
	1,714	1,717

11. RECEIPTS IN ADVANCE

	2014	2013
	RMB'000	*RMB'000*
Advance payments from customers for:		
– funeral service deeds *(note (a))*	**89,071**	94,480
– burial plots under development and marble stones *(note (b))*	**1,519**	1,340
– deferred maintenance income	**39**	–
	90,629	95,820
Representing:		
Current	**90,590**	95,820
Non-current	**39**	–
	90,629	95,820

Note:

(a) Bau Shan and Sino-Life (Hong Kong) Limited ("Sino-Life (HK)"), subsidiaries of the Company, sold funeral services deeds to customers ("Deed Holders"). The funeral services deeds are prepaid funeral services packages which mainly comprise particular types of funeral services at the choice of the customers to be arranged in future. The Deed Holders can elect to make payment on a lump sum basis or settle the outstanding amount of the funeral services deeds by up to a maximum of 120 monthly instalments. The Group determines the pricing of the funeral services deeds by adding a margin to the estimated costs of delivering these services, after having taken into account of major factors including the timing of the instruction of the Deed Holders. Amounts received from funeral services deeds sold are recorded as receipts in advance. When the Deed Holders have defaulted payment for two months and do not pay back the defaulted amounts after the Group's not less than 30-day's demand notice, the funeral services deeds would be regarded as lapsed and a minimum of 20% of the total sum of the funeral services deeds or the instalments paid, whichever is lower, will be forfeited as income. The Deed Holders can request for funeral services or terminate the funeral services deeds at any time after the funeral services deeds are sold. Accordingly, receipts in advance is classified as current liabilities in the consolidated statement of financial position.

According to the Mortuary Service Administration Act（殯葬管理條例）in Taiwan, which was first promulgated on 17 July 2002 and further amended on 1 July 2003 and 4 July 2007, the Group has to deposit 75% of the gross receipt of each funeral services deed entered into after 31 July 2003 in financial institutions in Taiwan as trust monies. As at 31 December 2014, the Group has deposited RMB32,963,000 (2013: RMB37,760,000) in three financial institutions in Taiwan.

The Group recognised a net gain on termination/lapse of funeral services deeds of RMB35,000 (2013: RMB155,000) in "other net loss" in the consolidation statement of profit or loss for the year ended 31 December 2014.

(b) It is principally arising from the sales of burials plots and marble stones under instalment plans and such amount will be recognised as revenue when the relevant revenue recognition criteria are met.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The PRC

Funeral business in the PRC continues to be the driving force of the Group's operations. The Group's turnover derived from funeral business in the PRC market for the year ended 31 December 2014 was approximately RMB63.5 million, representing an increase of about 9.2% to the corresponding period last year and accounted for about 91.3% of the Group's turnover.

Hong Kong

The Group's funeral business in the Hong Kong market generated an approximate turnover of RMB1.9 million for the year ended 31 December 2014 representing a decrease of about 25.9% to the corresponding period last year and accounted for approximately 2.7% of the Group's turnover.

Taiwan

The Group's turnover derived from funeral business in the Taiwan market for the year ended 31 December 2014 was approximately RMB2.4 million, representing a decrease of approximately 29.7% to the corresponding period last year and accounted for approximately 3.4% of the Group's turnover.

Vietnam

The Group's turnover derived from the sales of cemeteries in Vietnam was approximately RMB1.8 million for the year ended 31 December 2014 and accounted for 2.6% of the Group's turnover.

Prospects

The crucial focus of our development will rest in large part on the PRC, Hong Kong and Vietnam, which is exceptionally going to be a stronghold for reaping huge revenue to the Group in the coming years. We expect that the cemetery park project in Vietnam will provide more than 4,000 burial tomb spaces and 1,000 niches. The Group's management will continue to effectively raise our business goal in different areas to a new high by adhering to its unique, professional business model. Our management will keep close eyes on other regions blessed with immense potential and myriad opportunities as well, so as to extend our business reach.

Financial review

Turnover

The turnover arising from principal activities for the year ended 31 December 2014 was approximately RMB69.6 million (2013: approximately RMB63.1 million), representing an increase of approximately 10.4% as compared to 2013. Regarding to the funeral services business provided in the PRC during the year, the turnover was approximately RMB63.5 million (2013: approximately RMB58.2 million), representing an increase of approximately 9.2% which accounted for 91.3% of the Group's turnover (2013: 92.2%). The turnover generated by the funeral services business provided in Taiwan was approximately RMB2.4 million (2013: approximately RMB3.4 million), or 3.4% of the Group's turnover, representing a decrease of approximately 29.7%. The turnover generated by the funeral services business provided in Hong Kong was approximately RMB1.9 million (2013: approximately RMB1.5 million), or 2.7% of the Group's turnover, representing an increase of approximately 25.9%. The turnover generated by sales of cemeteries in Vietnam was approximately RMB1.8 million, or 2.6% of the Group's turnover.

The turnover from the funeral service provided in funeral parlour and funeral service centres under the Group's management increased by 12.5%, amounting to approximately RMB47.8 million (2013: approximately RMB42.5 million). The rise was mainly due to the increase in the number of funeral services provided to 2,383 for 2014. Moreover, the average spending per service provided increase to approximately RMB20,065 for 2014.

The turnover from the cremation services increased by 3.7%, amounting to approximately RMB12.5 million (2013: approximately RMB12.1 million). The increase was due to the increase in the average spending per service provided to RMB1,411 for 2014. However, the number of cremation services provided was dropped to 8,889 for 2014 due to the cessation of management of the operation of Zhong County Funeral Parlour（重慶市忠縣殯儀館）("ZCFP") in November 2014. Under the funeral parlour management agreement and funeral service centre management agreements, the Group is entitled to all income and responsible for all liabilities and all expenses incurred in the funeral parlour and funeral service centres under the Group's management.

The revenue generated from funeral arrangement services provided in Taiwan and Hong Kong was approximately RMB2.4 million and RMB1.9 million respectively (2013: approximately RMB3.4 million and RMB1.5 million), representing a decrease of 29.7% and an increase of 25.9% respectively over last year.

The revenue generated from cemetery services and sales of burial plots was approximately RMB3.2 million (2013: approximately RMB3.6 million) and RMB1.8 million (2013: RMBNil) respectively.

Gross Profit and Gross Profit Margin

Gross profit increase by 14.1% to approximately RMB53.8 million (2013: approximately RMB47.1 million), and gross profit margin increased to approximately 77.2% (2013: approximately 74.6%). The gross profit margin of funeral services provided in funeral parlour and funeral service centres under the Group's management increased to approximately 80.6% (2013: approximately 77.6%) which was mainly due to the increase in the average spending per funeral service provided. The gross profit margin of cremation services increased to approximately 86.5% (2013: approximately 85.4%) which was mainly due to the increase in the average spending per service provided and that of funeral arrangement services decreased to approximately 13.1% (2013: approximately 13.5%) due to the decrease in the number of services provided which raised the cost sharing for each service. The gross profit margin of cemetery services and sales of burial plots was approximately 75.4% (2013: approximately 80.5%) and 79.9% (2013: Nil%) respectively.

The Group's cost of sales primarily consists of costs directly attributable to the provision of its services, which mainly include (i) direct labour for the funeral services provided by individuals during the funeral ceremony held in a funeral parlour or a funeral service centre managed by the Group; (ii) subcontracting charges for services provided by the subcontractors in Taiwan; (iii) commission expenses from the recognition of commission paid to sales agents for funeral services deeds at the point when the services of the funeral services deeds are provided; and (iv) materials used for funeral ceremonies and cremation services such as fresh flowers, fuel for the cremation furnace and cost of the goods sold in the funeral parlour and funeral service centres under the Group's management in the PRC.

Selling and Administrative Expenses

Selling expenses slightly decreased by approximately 1.6% to approximately RMB24.0 million (2013: approximately RMB24.4 million). The decrease was mainly attributable to net effect of the Group's decreased rental and management costs due to the cessation of the management of the operation of ZCFP. The proportion of selling expenses to turnover was approximately 34.4% (2013: approximately 38.7%). Administrative expenses maintained on same level of approximately RMB37.0 million (2013: approximately RMB37.1 million) as a result of continuing the efforts in cost control of staff cost, entertainment expenses and rental expenses. The proportion of administrative expenses to turnover was approximately 53.1% (2013: approximately 58.9%). Finance costs remained nearly the same of approximately RMB0.4 million (2013: approximately RMB0.3 million) because of raising short-term loan during 2014. Income tax expense decreased by approximately 28.2% to approximately RMB0.6 million (2013: approximately RMB0.8 million).

Loss for the Year

In 2014, loss attributable to owners of the Company for the year was approximately RMB11.1 million (2013: approximately RMB16.2 million). The decrease in loss for the year ended 31 December 2014 was mainly due to the net effect of (i) increase in the gross profit; (ii) increase in other revenue and other net gain as there was an increase in consultancy income (iii) decrease in other operating expenses.

Liquidity, Financial Resources and Capital Structure

The Group maintains a stable financial position. As at 31 December 2014, the Group had bank balances and cash of approximately RMB109.1 million (2013: approximately RMB122.8 million) and bank and other loans of approximately RMB8.1 million (2013: approximately RMB9.0 million). All bank and other loans were denominated in New Taiwan Dollars, at prevailing market interest. During the year, the Group did not use any financial instruments for hedging purposes. The gearing ratio representing the ratio of total borrowing to the total assets of the Group was 2.8% as at 31 December 2014 (2013: 3.0%).

Exposure to Fluctuation in Exchange Rates

During the year, the Group's major operations were geographically based in the PRC, Taiwan, Hong Kong and Vietnam. The revenue derived from Taiwan, Hong Kong and Vietnam accounted for approximately 8.7% (2013: approximately 7.8%) of the total revenue. Its financial statements are presented in Renminbi, while a significant portion of the revenue and expenses are denominated in the United States Dollar, New Taiwan Dollar, Hong Kong Dollar and Vietnamese dong. It is possible that the value of Renminbi may fluctuate in value against that of the United States Dollar, New Taiwan Dollar, Hong Kong Dollar and Vietnamese dong. The Group's operating results and financial condition may be affected by changes in the exchange rates of Renminbi against the United States Dollar, New Taiwan Dollar, Hong Kong Dollar and Vietnamese dong, in which the Group's revenue and expenses are denominated. As at 31 December 2014, the Group did not have any bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

Significant Acquisitions and Disposal of Investments

For the year ended 31 December 2014, the Group did not have any significant acquisition or disposal of investment.

The Number and Remuneration of Employees

As at 31 December 2014, the Group employed approximately 278 employees (2013: 328 employees). The Group determines staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on regular basis.

Charge on Group Assets

The carrying amounts of property, plant and equipment and bank deposits pledged as security for the Group's bank borrowings and other loans were approximately RMB17.5 million and RMBNil million respectively (2013: RMB20.5 million and RMB3.7 million respectively).

Contingent Liabilities

As at 31 December 2014, the Group did not have any contingent liabilities (2013: Nil).

Capital Expenditure

For the year ended 31 December 2014, capital expenditure of the Group for property, plant and equipment amounted to approximately RMB4.1 million (2013: approximately RMB14.8 million).

Capital Commitments

As at 31 December 2014, the Group had capital expenditure contracted for but not provided for in the financial statements amounting to approximately RMB6.5 million (2013: approximately RMB7.5 million).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation

As at 31 December 2014, the relevant interests and short positions of the Directors or chief executive in the shares (the "Shares"), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) ("SFO")), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of SFO) or required pursuant to section 352 of SFO, to be entered in the register referred to therein or required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Aggregate long positions in the Shares

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Liu Tien-Tsai	Personal	308,184,000	41.51%

Substantial shareholders' interests and short positions in the shares and underlying shares

The register of substantial shareholders required to be kept under section 336 of Part XV of SFO showed that as at 31 December 2014, the Company was notified of the following substantial shareholders' interests, being 5% or more of the issued share capital of the Company. These interests were in addition to those disclosed above in respect of the Directors and chief executive:

Aggregate long positions in the Shares

Name of shareholders	Nature of interest	Number of shares held	Approximate percentage of the issued share capital of the Company
Yang Yong Sheng *(note 1)*	Personal	36,632,000	4.93%
	Family interest	5,152,000	0.69%
Yu Wen Ping *(note 1)*	Personal	5,152,000	0.69%
	Family interest	36,632,000	4.93%

Note:

1. Yu Wen Ping, the spouse of Yang Yong Sheng, was deemed to be interested in all the interest of Yang Yong Sheng and vice versa.

Competing business

As at 31 December 2014, none of the Directors, or any person who was (or group of persons who together were) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and which was (or were) able, as a practical matter, to direct or influence the management of the Company or any of their respective associates (as defined under the GEM Listing Rules) had any interest in a business, which competed or might compete with the business of the Group.

Share Option Scheme

Pursuant to the written resolutions of the shareholders of the Company dated 24 August 2009, a share option scheme ("Share Option Scheme") was approved and adopted. The major terms of the Share Option Scheme are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants who have contributed or may contribute to the Group as incentive or rewards for their contributions to the Group.

(b) The participants include (i) any employee or proposed employee of the Company and/or any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive directors and any non-executive directors (including independent non-executive directors) of the Company, any of such subsidiaries or any Invested Entity; and (ii) any consultants, advisers, agents, partners or joint-venture partners of the Company and/or any of its subsidiaries.

(c) The exercise price of a share option under the Share Option Scheme will not be less than the highest of (i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (ii) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (iii) the nominal value of a share on the offer date of the particular option.

(d) The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes must not in aggregate exceed 10% of the shares in issue on the day on which trading of the Company's shares commenced on the GEM Board ("General Scheme Limit").

    The total number of shares available for issue under the Share Option Scheme is 74,250,000 representing 10% of the issued shares of the Company as at the year end date.

(e) Unless approved by the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to any participants in any twelve-month period must not exceed 1% of the shares in issue at the date of the grant of the options.

(f) An offer shall be made to eligible participants in writing and shall remain open for acceptance by the eligible participants concerned for a period of 30 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the scheme. An offer shall be deemed to have been accepted by the eligible participant concerned in respect of all shares which are offered to such participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant, together with a non-refundable remittance in favour of the Company of HK$10 by way of consideration for the grant thereof is received by the Company, within such time as may be specified in the offer.

(g) For the options granted in 2010, they are exercisable starting half year from the grant date. The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

For the options granted in 2012, they are exercisable starting one year from the grant date. The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 5 years from the date of grant of the share option.

(h) An option shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for shares in respect of which the notice is given.

Details of the share options granted and remaining outstanding as at 31 December 2014 are as follows:

Name/category of participants	Date of grant	Exercise price per share	Exercisable period	Number of share options At 1 January 2014	Lapsed	At 31 December 2014
Directors of the Company						
Mr. Kim Eun Back	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	2,000,000	–	2,000,000
Directors of subsidiaries						
Ms. Pan Hsiu-Ying	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	1,000,000	–	1,000,000
Ms. Chang Hui-Lan	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	1,000,000	–	1,000,000
Continuous contract employees	11 February 2010	HK$1.18	11 August 2010 to 11 February 2020	10,172,000	(1,520,000)	9,020,000
	16 January 2012	HK$0.60	16 January 2013 to 15 January 2017	6,480,000	(1,560,000)	4,920,000
Consultants	11 February 2010	HK$1.18	11 August 2010 to 11 February 2020	41,900,000	–	41,900,000
				62,552,000	(2,712,000)	59,840,000

The options granted on 11 February 2010 expire ten years from the date of grant. As at 31 December 2014, 1,420,000 of 50,920,000 options (2013: 2,572,000 of 52,072,000 options) were exercisable in the same year of the date of grant with 50% each of the options granted exercisable at six months and at the end of the year from the date of grant and 49,500,000 of 50,920,000 options (2013: 49,500,000 of 52,072,000 options) are exercisable over five years from the date of grant, with 20% each of the options granted exercisable at six months and first calendar date of following four years from the date of grant.

The options granted on 16 January 2012 expire five years from the date of grant and will be exercisable after one year from the date of grant. Save as disclosed above, as at 31 December 2014, none of the Directors, chief executives or substantial shareholders of the Company or their respective associates have been granted share options under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the year ended 31 December 2014, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company had complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 to the GEM Listing Rules, except for Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by Mr. Liu Tien-Tsai. The Board considers that the Group's size is still relatively small and thus not justified in separating the role of Chairman and CEO. The Group has in place internal control system to perform the check and balance function. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") in August 2009 which consists of three independent non-executive Directors, namely Mr. Chai Chung Wai (Chairman), Mr. Ching Clement Yat-biu and Mr. Lee Koon Hung. During the year, the Remuneration Committee has reviewed the remuneration package of the Board members and the senior management of the Company. The major responsibilities of the Remuneration Committee include (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management; (ii) determining the specific remuneration packages of all executive directors and senior management; (iii) reviewing and approving performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and approving the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") in August 2009 which consists of three independent non-executive Directors, namely Mr. Lee Koon Hung (Chairman), Mr. Ching Clement Yat-biu and Mr. Chai Chung Wai. During the year, the Nomination Committee has reviewed the appointment of the Board members of the Company. The major responsibilities of the Nomination Committee include (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; (ii) identifying individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; (iv) making recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer; (v) making recommendations to the Board on the policy concerning the diversity of Board members; and (vi) giving full consideration to the Board's policy concerning diversity of Board members adopted from time to time.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in August 2009 which consists of three independent non-executive Directors, namely Mr. Ching Clement Yat-biu (Chairman), Mr. Chai Chung Wai and Mr. Lee Koon Hung. During the year, the Audit Committee has reviewed the quarterly, half-yearly and annual reports before submission to the Board. The Audit Committee focused not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM Listing Rules and the legal requirements in the review of the Company's quarterly, half-yearly and annual reports. The major responsibilities of the Audit Committee include (i) making recommendation to the Board on the appointment, reappointment and removal of external auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (iii) monitoring the integrity of the Company's financial statements, annual report and accounts, half-yearly report and, quarterly reports; (iv) liaising with the Board and the senior management and to meet with the auditors; (v) reviewing the Company's financial controls, internal control and risk management systems; and (vi) reviewing the financial and accounting policies and practices of the Group.

The Group's audited consolidated results for the year ended 31 December 2014 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting of the Company will be held on 14 May 2015, Thursday and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 May 2015, Friday to 14 May 2015, Thursday (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending at the annual general meeting of the Company to be held on 14 May 2015, Thursday, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 7 May 2014, Thursday.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct from the date of listing of the Company's Shares on the Stock Exchange up to 31 December 2014.

By order of the Board
Sino-Life Group Limited
Liu Tien-Tsai
Chairman and Executive Director

Hong Kong, 24 March 2015

As at the date hereof, the Board comprises Mr. Liu Tien-Tsai and Mr. Kim Eun Back being executive Directors of the Company; and Mr. Chai Chung Wai, Mr. Ching Clement Yat-biu, and Mr. Lee Koon Hung being independent non-executive Directors of the Company.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for 7 days from the date of its posting. This announcement will also be posted on the Company's website at http://www.sinolifegroup.com.